REMARKS

Claims 1-32 are pending in the above-identified application. By this Amendment, Applicants have withdrawn claims 12-18, 23, 26-29, and 31, amended claims 1 and 19, cancelled claims 20, 24-25, and 30, and added claims 32-35. The amendments and the newly added claims are supported by the application as originally filed and do not introduce new matter. Accordingly, entry of the amendments and the newly added claims is respectfully requested.

Election/Restrictions – 35 U.S.C. §121

In response to the restriction requirement, Applicants have withdrawn and/or cancelled claims 12-18, 23-29, 30, and 31.

Claim Rejections – 35 U.S.C. § 103

In the Office Action dated June 19, 2006, the Examiner rejects claims 1-11 and 19-22 under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent Publication No. 20010032175 (Holden *et al.*) in view of U.S. Patent No. 6,505,174 (Keiser *et al.*). Applicants respectfully traverse the rejections, and assert that the pending and the newly added claims are patentable over Holden and Keiser for at least the reasons stated below.

Claim 1 is directed toward a method that includes the step or steps of "suspending trading if a price difference between the first bid or offer and a second bid or offer is greater than a price amount." Applicants submit that neither Holden nor Keiser disclose nor otherwise suggest this feature.

The Examiner asserts that "Keiser teaches suspending trading if a price difference between the first bid or offer and a second bid or offer is greater than a price amount" with reference to col. 4, lines 39-42. Applicants respectfully disagree.

Keiser provides a system for trading derivative instruments at market prices determined by a virtual specialist program. (Abstract). Users of the Keiser system trade these "virtual" instruments by specifying the symbol for the instrument along with a quantity

to be traded; <u>users do not specify a price</u>. (Col. 2, lines 57-60; col. 3, lines 8-10). The Keiser system then executes all orders regardless of "whether or not there are equal and matching sell orders to offset buy orders, and vice versa." (Col. 3, lines 18-21). Keiser is able to execute all of the orders in this respect by executing orders at a market price that is based on buy-sell imbalances, <u>not based on the offered price of the last executed buy and sell orders as is the case with non-virtual markets</u>. (Col. 3, lines 29-35). Specifically, the virtual specialist program keeps a running net movement balance for the quantity of buy and sell trades, positive for more buy than sell orders and negative for more sell than buy orders, and increments or decrements the price of the security by a security price increment constant for a positive or negative trade imbalance, respectively. (Col. 3, lines 36-50).

Keiser provides a braking mechanism to limit fluctuations in the price of the "virtual instrument" that may otherwise occur as a result of Keiser's pricing scheme. (Col. 4, lines 9-15). That is, Keiser substitutes a security brake increment for the security price increment to slow price movements if a consecutive number of price increments or decrements exceed a security break threshold constant. (Col. 4, lines 16-32). Keiser further provides a halting mechanism that similarly halts trading in a particular security when the consecutive number of price increments or decrements exceeds a security halt threshold constant. (Col. 4, lines 33-45). Keiser's braking and halting mechanisms therefore compare the number of consecutive price increases or decreases with thresholds, and slow or halt trading accordingly.

Keiser does not therefore determine the price difference between bids or offers insofar as the bids and offers submitted by users of the Keiser system do not contain price information. As a result, the Keiser system does not suspend trading based on such a price difference. Moreover, Keiser's halting mechanism does so based on a comparison between the number of consecutive price increments or decrements applied with a threshold, which is also not suspending trading based on the price difference between bids and offers in accordance with claim 1. Moreover, there is no motivation or suggestion to expand the teachings of Keiser and/or to combine Keiser with other references to reject the presently claimed method. Indeed, the Keiser system operates in a virtual market that differs from non-virtual markets sufficiently so that that the concepts disclosed therein at least with regard to the halting mechanism do not appear to be applicable in non-virtual markets where traders submit bids and offers with prices specified therein.

Independent claims 19 and 32 recite features similar to those in claim 1 and are therefore patentable for at least the same reasons.

The dependent claims are patentable for additional reasons. While deemed unnecessary to argue these additional reasons at this time, given the arguments presented above, the Applicants reserve the right to present such argument, including the interpretation of any terms of the claims, should it become necessary or desirable to do so.

CONCLUSION

For the above reasons, the Applicants submit that claimed methods and systems are patentable over the references cited by the Examiner. Accordingly, reconsideration and allowance of pending claims are respectfully solicited.

The Examiner is invited to contact the Applicant's undersigned representative at 212-829-5407 to expedite prosecution.

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Respectfully submitted,

/AP/

July 18, 2006
Date

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